

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application by SBC Communications Inc.)	WC Docket No. 03-167
for Authorization under Section 271)	
of the Communications Act to)	
Provide In-Region, InterLATA Services)	
in the States of Illinois, Indiana, Ohio,)	
and Wisconsin)	

**Comments of
Communications Workers of America**

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I. INTRODUCTION

The Communications Workers of America (CWA) submits these comments in support of SBC's application for authority under Section 271 of the Communications Act to provide in-region, interLATA service in Illinois, Indiana, Ohio, and Wisconsin. After exhaustive reviews, the Illinois Corporation Commission (ICC), the Indiana Regulatory Commission (IURC), the Public Utility Commission of Ohio (PUCO), and the Public Service Commission of Wisconsin (PSCW) each determined that SBC has met the checklist requirements of Section 271 of the Communications Act to open the local market to competition in their respective state.¹ Further, SBC's performance monitoring plans provide adequate safeguards against backsliding by SBC and create incentives for SBC to engage in continuous improvement of its wholesale services in each of these states.

SBC's entry into long-distance markets in Illinois, Indiana, Ohio, and Wisconsin is in the public interest. Consumers will benefit from reduced prices and new service offerings. In every other state where the Bell Operating Company (BOC) has received section 271 approval, consumers have saved 8 to 11 percent, on average, on their

¹ Order on Investigation, Investigation Concerning Illinois Bell Telephone Company's Compliance with Section 271 of the Telecommunications Act of 1996, No. 01-0662 (ICC May 13, 2003); Compliance Order, Petition of Indiana Bell Telephone Company, Incorporated d/b/a Ameritech Indiana Pursuant to I.C. 8-1-2-61 for a Three Phase Process for Commission Review of Various Submissions of Ameritech Indiana To Show Compliance with Section 271(c) of the Telecommunications Act of 1996, Cause No. 41657, (IURC July 2, 2003); Report and Evaluation, Investigation into SBC Ohio's (formerly Ameritech Ohio) Entry into In-Region InterLATA Service Under Section 271 of the Telecommunications Act of 1996, Case No. 00-942-TP-COI (PUCO June 26, 2003); Determination, Petition of Wisconsin Bell, Inc., for a Section 271 Checklist Proceeding, Docket No. 6720-TI-170 (PSCW July 1, 2003) and Determination, Petition of Wisconsin Bell, Inc., for a Section 271 Checklist Proceeding, Docket No. 6720-TI-170 (PSCW July 7, 2003).

monthly long-distance bill compared to states where BOC entry has not yet occurred.²

Moreover, SBC's entry into the long-distance market will promote the important goal of the 1996 Telecommunications Act to create good, high-wage jobs in the telecommunications industry.

CWA is in a unique position to comment on SBC's long-distance application in Illinois, Indiana, Ohio, and Wisconsin. CWA represents more than 20,000 employees at SBC in the states of Illinois, Indiana, Ohio, and Wisconsin.³ CWA also represents employees at AT&T who work in its long-distance and in some parts of its local service operations. Because CWA represents employees in all segments of the telecommunications industry, CWA must base its position regarding an application by a BOC to provide long-distance services on the factual evidence regarding Section 271 compliance as well as on the public interest merits of the application.

Based on the evidence, it is clear that in Illinois, Indiana, Ohio, and Wisconsin, SBC has satisfied the market opening requirements of Section 271 and that the public interest will be served by its entry into long-distance. Therefore, CWA supports Commission approval of SBC's application in this proceeding.

² See Brief in Support of Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services in Illinois, Indiana, Ohio, and Wisconsin, WC Docket No. 03-167 (July 17, 2003), v.

³ CWA Membership Report, April 2003. Nationally, CWA represents approximately 700,000 employees who work in telecommunications and other public and private sector organizations. In total, CWA represents approximately 110,000 SBC employees.

II. SBC HAS MET THE MARKET OPENING REQUIREMENTS OF SECTION 271

The empirical evidence is overwhelming that SBC has met the requirements of Section 271 of the Communications Act to open its local network to competition. In Illinois, competitors serve at least 29 percent of the total access lines in SBC's serving area (amounting to approximately 2.3 million lines). In Indiana, competitors serve at least 15 percent of the total access lines in SBC's serving area (amounting to approximately 393,000 lines). In Ohio, competitors serve at least 20 percent of the total access lines (amounting to approximately 885,000 lines). And in Wisconsin, competitors serve at least 25 percent of total access lines, (amounting to approximately 633,000 lines).⁴ In all four states, competitors serve significant numbers of residential and business customers.

Throughout the SBC Midwest region, competitors are serving most of those lines over their own facilities, either exclusively or in combination with thousands of unbundled loops they have leased from the BOC. The level of competition in Illinois, Indiana, Ohio, and Wisconsin is substantial and certainly demonstrates compliance with the market opening requirements of the Act.

Further, SBC's Operations Support Systems (OSS) are handling significant commercial volumes in Illinois, Indiana, Ohio, and Wisconsin. Competitors in all four states can choose from a wide selection of electronic (and manual) operations support systems.

As the Commission noted in approving Bell Atlantic's entry into the long-distance market in New York, parity with retail performance, rather than perfection,

meets the checklist requirement of non-discriminatory access.⁵ While CWA supports regulatory efforts to ensure that SBC provides high-quality service in both its retail and wholesale operations, in the context of this Section 271 application the record is clear that SBC is providing service at or above parity with its retail operations, and therefore is in compliance with each and every checklist item.

III. SBC ENTRY INTO LONG-DISTANCE IS IN THE PUBLIC INTEREST

SBC has met the requirements of the 1996 Act to open its local markets in Illinois, Indiana, Ohio, and Wisconsin to competition. The Commission need not fear backsliding by SBC. The state Commissions in each of the four states have approved performance monitoring plans that require SBC annually to put at risk an amount equivalent to 36 percent of annual net return if SBC fails to meet the rigorous performance standards.⁶ These self-executing mechanisms adhere to the guidelines established by this Commission in previous Section 271 proceedings.

The experience in the other states in which BOCs currently provide in-region long-distance service demonstrates that consumers, particularly residential consumers, benefit from BOC entry into the long-distance market. A recent study of the consumer-welfare benefits from BOC entry into long-distance markets in New York and Texas found that average consumers saved eight to 11 percent on their monthly long-distance bills compared to those states where BOC entry had not yet occurred. The authors also found that competitors have a substantially higher share of the local market in states

⁴ SBC Application, ii,15-19.

⁵ Memorandum Opinion and Order, Application by Bell Atlantic-New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Services in the State of New York, CC Docket No. 99-295, FCC 99-404, Dec. 22, 1999 (rel), 176 (.New York Order).

⁶ SBC Application, v, 130-138.

where BOC entry has occurred.⁷ The Commission's own Local Telephone Competition Report confirms that states with long-distance approval show the greatest competitive entry into the local market.⁸ Consumers benefit from a single source (and bill) for local and long-distance service.

In addition, SBC's entry into long-distance is in the public interest because it will stimulate the growth of high-skilled, good jobs in Illinois, Indiana, Ohio, and Wisconsin.

IV. CONCLUSION

The Commission should approve SBC's application to provide in-region, inter-LATA service in Illinois, Indiana, Ohio, and Wisconsin. SBC has demonstrated that it has met Section 271's market-opening requirements in both states. SBC's entry into long-distance in these markets will benefit consumers with greater choice, lower prices, and new service offerings. Finally, SBC's entry into long-distance in these states will stimulate the growth of high-skilled, good jobs.

Respectfully Submitted,

Communications Workers of America

George Kohl
Assistant to the President/Director of Research

Dated: Aug. 6, 2003

⁷ SBC Application, 123-4 citing Jerry A. Hausman et al., Does Bell Company Entry into Long-Distance Telecommunications Benefit Consumers?, 70 Antitrust L.J., 463, 464 (2002); see also Jerry A. Hausman et al., The Consumer Welfare Benefits from Bell Company Entry into Long-Distance Telecommunications: Empirical Evidence from New York and Texas 3 (Jan. 9, 2002), (available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=28951).

⁸ FCC, *Local Telephone Competition: Status as of June 30, 2001*, Feb. 27, 2002; "FCC Releases Data on Local Telephone Competition," June 12, 2003.

CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties by depositing copies of same in the United States mail, addressed as follows:

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